

Exhibit H

Report From Enrolled Actuary For Fiscal Year 2002



District of Columbia
Retirement Board

Valuation as of October 1, 2000
for Fiscal Year 2002



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April 27, 2001

D.C. Retirement Board
1400 L Street, NW
Suite 300
Washington, DC 20005

Dear Members of the Board:

At your request, we have made our annual actuarial valuation of the District of Columbia Retirement Fund as of October 1, 2000, for fiscal year 2002. The results of the valuation are contained in the following report. This report also contains the actuarial certification approved by the Board during its December 2000 meeting.

This report has been prepared for purposes of disclosure and for statutory funding calculations. Determinations for other purposes may be significantly different than those presented herein.

The actuary has recommended the actuarial assumptions used in this valuation. We believe that the assumptions we have recommended, in the aggregate, are reasonably related to the experience of the Fund and the retirement program and to reasonable expectations, and represent our best estimate of anticipated future experience of the plan.

We have relied, without audit, on employee census data provided by the Office of Payroll and Retirement Services of the District of Columbia. Census data provided to us has been reviewed for reasonableness. The District of Columbia Retirement Board provided us with the market value of assets as of October 1, 2000.

D.C. Retirement Board

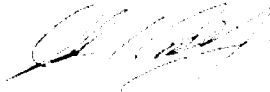
April 27, 2001

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We hereby certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices set forth by the American Academy of Actuaries.

Respectfully submitted,

MILLIMAN & ROBERTSON, INC.



John L. Colberg, F.S.A.
Consulting Actuary



Gene M. Kalwarski, F.S.A.
Principal & Consulting Actuary

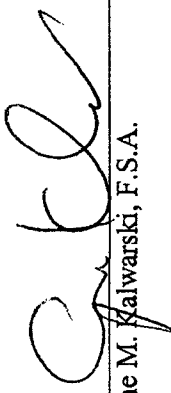
Enclosure

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**Required Actuarial Certifications
Under D.C. Law 12-152
for Fiscal Year 2002
(Dollars in Millions)**

<u>Certification</u>	<u>Code Section</u>	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>	<u>Police/Fire Combined</u>	<u>Total District</u>
FY 2002 Normal Contribution Rate	§1-784.3(a)(3)(A)	0.3%	22.9%	28.4%	24.4%	10.5%
Estimated FY 2002 Covered Payroll	NA	\$343.7	\$184.2	\$67.5	\$251.7	\$595.4
FY 2002 District Payment before §1-784.2(c)	NA	\$1.0	\$42.2	\$19.2	\$61.4	\$62.4
FY 2000 Shortfall / Overpayment	§1-784.2(c)	(\$5.5) ¹	1.5	(0.1)	\$1.4	\$0.4 ¹
FY 2002 District Payment	NA	\$0.0	\$43.7	\$19.1	\$62.8	\$62.8
Present Value of Future Benefits	§1-784.3(a)(3)(B)	\$1,054.6	\$1,489.0	\$603.7	\$2,092.7	\$3,147.3
Current Value of Assets	§1-784.3(a)(3)(C)	\$861.3 ²	\$839.1 ²	\$340.5 ²	\$1,179.6 ²	\$2,040.9 ²
Actuarial Value of Assets	§1-784.3(a)(3)(D)	\$798.9 ²	\$781.9 ²	\$315.4 ²	\$1,097.3 ²	\$1,896.2 ²


 Gene M. Kalwarski, F.S.A.
 12/2002 (Date)

¹ Only (\$1.0) million of the teacher's §1-784.2(c) adjustment can be recongized in 2002.

² These amounts are reflect benefits payable as of September 30, 2000 of \$1.6 million for teachers, \$1.0 million for police, and \$1.2 million for fire.

Section I Board Summary

Valuation Comments:

The report presents the results of the October 1, 2000 actuarial valuation of the D.C. Police Officers and Fire Fighters Retirement Fund and the D.C. Teachers Retirement Fund (the Funds) for the District of Columbia Retirement Board (the Board).

Prior to June 30, 1997, the Board had also been responsible for management and control of the Judges Retirement Fund. However, Title XI of the Balanced Budget Act of 1997 (Public Law 105-33, 111 stat. 251) as amended, the "National Capital Revitalization and Self-Government Improvement Act of 1997" (the "Revitalization Act"), transferred management and control of the entire Judges Retirement Fund plus benefits accrued by the police officers, fire fighters, and teachers as of June 30, 1997 to the Federal Government.

Following the Federal legislation, the District government passed the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan (D.C. Law 12-152 codified as D.C. Code section 1-781.1 et seq., the "Replacement Plan Act") that required future District contributions to be made in accordance with the actuarially sound funding method specified in the law. In general, an actuarially sound funding method requires the employer to contribute a consistent amount (such as a level percent of pay) so benefits of the current workforce will be completely paid for (i.e., funded) by the time they leave employment due to retirement, disability, death, withdrawal, etc. Under the Replacement Plan Act, the District must contribute the level percent of pay that, combined with the actuarial value of assets, expected investment earnings, and future employee contribution will pay for the benefits by the time the workforce leaves employment. The primary purposes of performing this valuation are as follows:

- to **determine the appropriate contribution** to the Funds to be paid by the District in Fiscal Year 2002 in accordance with the Replacement Plan Act;
- to **disclose asset and liability measures**; and
- to **analyze and report on trends** in the contributions, assets, and liabilities of the Funds over the past several years.

This valuation shows that there was little change in the District contribution between Fiscal Year 2001 and Fiscal Year 2002. The required District payment increased from \$59.3 million to \$62.8 million, or 5.9%. As with FY 2001, the whole FY 2002 District payment is for the Police Officers and Fire Fighters Retirement Fund. The increase is nearly identical to the increase in the payroll of 5.6%.

The required contribution for the Teachers Retirement Fund remains zero and is expected to be zero through FY2004. If the experience of the fund is significantly different from the assumptions this date could change.

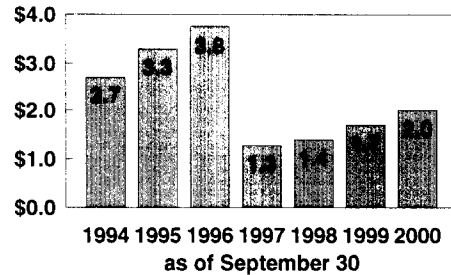
Over the past few years, the funds have been experiencing fluctuations in the investment return as a result of volatility in the financial markets. However, the actuarial ("smoothed") value of assets implemented last year reduces such fluctuations, keeping the District payment more stable. The determination of the actuarial value of assets is detailed in Section II.

The balance of this section presents system trends and tables summarizing results for both of the Retirement Funds.

Trends of the Retirement Funds:

Billions

Market Value of Assets

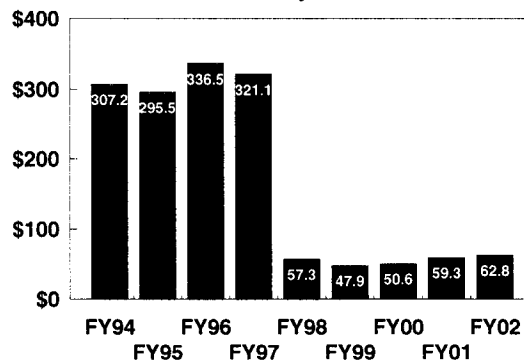


After returning more than 18% for fiscal year ending September 30, 1999, the fund returned more than 14% for fiscal year ending September 30, 2000. This was in excess of the actuarial assumed rate of 7.25%.

The Revitalization Act significantly lowered the required District payments. For fiscal years 1998 through 2002, the required District payments have remained relatively stable and well below levels prior to the Act.

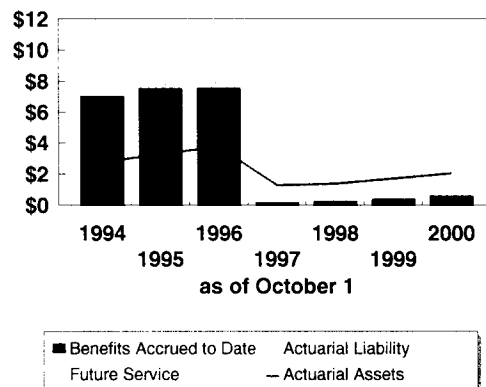
Millions

District Payments



Billions

Assets vs Liabilities

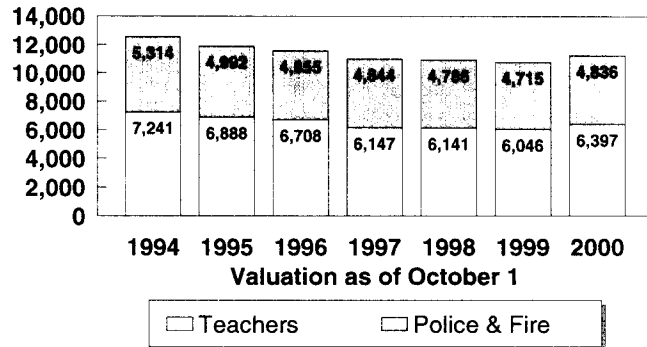


Since 1997 the District has been fully funded. The actuarial value of assets has exceeded the accrued liabilities.

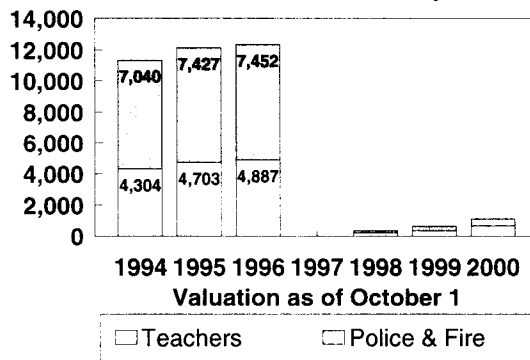
Trends of the Retirement Funds (continued):

After five years of decline the District has increased the number of active teachers and police officers and fire fighters.

Active Membership



Retired Membership



The U.S. Treasury has responsibility for benefits accrued prior to June 30, 1997 and those individuals retired prior to June 30, 1997, the District is responsible for only those benefits accrued after that date. The number of retirees is expected to continue to increase.

***Report of the Actuary to the D.C. Retirement Board
Valuation as of October 1, 2000***

SUMMARY OF PRINCIPAL RESULTS

(Dollars in Millions)

1. Participant Data	October 1, 2000	October 1, 1999	Change
Active Members			
Hired prior to mid-November, 1996	8,475	9,175	-7.6%
Hired on or after mid-November, 1996	2,758	1,586	73.9%
Total	11,233	10,761	4.4%
Retired Members and Beneficiaries (post 6/30/97)	1,130	648	74.4%
Total Participants	12,363	11,409	8.4%
Annual Salaries of Active Members	\$553.6	\$496.6	11.5%
Annual Retirement Benefits for Retirees & Beneficiaries (post 6/30/97)	\$5.0	\$2.3	117.4%
2. Assets and Liabilities	October 1, 2000	October 1, 1999	Change
Present Value of Future District Benefits	\$3,147.3	\$2,669.8	17.9%
District Assets for Valuation Purposes	\$1,896.2	\$1,620.1	17.0%
Present Value of Future Employee Contributions	\$474.5	\$406.7	16.7%
Present Value of Future District Contributions	\$776.6	\$728.2	6.6%
Present Value of Future Salaries	\$6,520.7	\$5,681.5	14.8%
Current Value of District Assets	\$2,040.9	\$1,714.6	19.0%
3. Contribution Results	Fiscal Year 2002	Fiscal Year 2001	Change
Normal Contribution Rate	10.5%	11.1%	-5.4%
Projected Payroll	\$595.4	\$529.7	12.4%
District Payment before D.C. Code §1-784.2 Adjustment	\$62.4	\$58.9	5.9%
District Payment after D.C. Code §1-784.2 Adjustment	\$62.8	\$59.3	5.9%

***Report of the Actuary to the D.C. Retirement Board
for the Teachers' Retirement Fund
Valuation as of October 1, 2000***

SUMMARY OF PRINCIPAL RESULTS

(Dollars in Millions)

1. Participant Data	October 1, 2000	October 1, 1999	Change
Active Members			
Hired prior to November 16, 1996	4,498	4,967	-9.4%
Hired on or after November 16, 1996	1,899	1,079	76.0%
Total	6,397	6,046	5.8%
Retired Members and Beneficiaries (post 6/30/97)	664	350	89.7%
Total Participants	7,061	6,396	10.4%
Annual Salaries of Active Members	\$320.0	\$275.3	16.2%
Annual Retirement Benefits for Retirees & Beneficiaries (post 6/30/97)	\$1.9	\$0.7	171.4%
2. Assets and Liabilities	October 1, 2000	October 1, 1999	Change
Present Value of Future District Benefits	\$1,054.6	\$802.5	31.4%
District Assets for Valuation Purposes	\$798.9	\$691.0	15.6%
Present Value of Future Employee Contributions	\$246.6	\$196.7	25.4%
Present Value of Future District Contributions	\$9.1	\$0.0	0.0%
Present Value of Future Salaries	\$3,360.1	\$2,732.9	22.9%
Current Value of District Assets	\$861.3	\$726.9	18.5%
3. Contribution Results	Fiscal Year 2002	Fiscal Year 2001	Change
Normal Contribution Rate	0.3%	0.0%	0.0%
Projected Payroll	\$343.7	\$291.4	17.9%
District Payment before D.C. Code §1-784.2 Adjustment	\$1.0	\$0.0	NA
District Payment after D.C. Code §1-784.2 Adjustment	\$0.0	\$0.0	0.0%

***Report of the Actuary to the D.C. Retirement Board
Police Officers and Fire Fighters' Retirement Fund
Valuation as of October 1, 2000***

SUMMARY OF PRINCIPAL RESULTS

(Dollars in Millions)

1. Participant Data	<u>October 1, 2000</u>	<u>October 1, 1999</u>	<u>Change</u>
Active Members			
Hired prior to February 15, 1980	622	737	-15.6%
Hired between Feb. 15, 1980 and Nov. 10, 1996	3,355	3,471	-3.3%
Hired on or after November 10, 1996	859	507	69.4%
Total	4,836	4,715	2.6%
Retired Members and Beneficiaries (post 6/30/97)	466	298	56.4%
Total Participants	5,302	5,013	5.8%
Annual Salaries of Active Members	\$233.6	\$221.3	5.6%
Annual Retirement Benefits for Retirees & Beneficiaries (post 6/30/97)	\$3.1	\$1.6	93.8%
2. Assets and Liabilities	<u>October 1, 2000</u>	<u>October 1, 1999</u>	<u>Change</u>
Present Value of Future District Benefits	\$2,092.7	\$1,867.3	12.1%
District Assets for Valuation Purposes	\$1,097.3	\$929.1	18.1%
Present Value of Future Employee Contributions	\$227.9	\$210.0	8.5%
Present Value of Future District Contributions	\$767.5	\$728.2	5.4%
Present Value of Future Salaries	\$3,160.6	\$2,948.6	7.2%
Current Value of District Assets	\$1,179.6	\$987.7	19.4%
3. Contribution Results	<u>Fiscal Year 2002</u>	<u>Fiscal Year 2001</u>	<u>Change</u>
Normal Contribution Rate	24.4%	24.7%	-1.2%
Projected Payroll	\$251.7	\$238.3	5.6%
District Payment before D.C. Code §1-784.2 Adjustment	\$61.4	\$58.9	4.2%
District Payment after D.C. Code §1-784.2 Adjustment	\$62.8	\$59.3	5.9%

***Report of the Actuary to the D.C. Retirement Board
for the Police Officers' Portion of the
Police Officers and Fire Fighters' Retirement Fund
Valuation as of October 1, 2000***

SUMMARY OF PRINCIPAL RESULTS

(Dollars in Millions)

1. Participant Data	October 1, 2000	October 1, 1999	Change
Active Members			
Hired prior to February 15, 1980	390	494	-21.1%
Hired between Feb. 15, 1980 and Nov. 10, 1996	2,474	2,573	-3.8%
Hired on or after November 10, 1996	713	412	73.1%
Total	3,577	3,479	2.8%
Retired Members and Beneficiaries (post 6/30/97)	355	231	53.7%
Total Participants	3,932	3,710	6.0%
Annual Salaries of Active Members	\$170.9	\$162.8	5.0%
Annual Retirement Benefits for Retirees & Beneficiaries (post 6/30/97)	\$1.8	\$0.4	350.0%
2. Assets and Liabilities	October 1, 2000	October 1, 1999	Change
Present Value of Future District Benefits	\$1,489.0	\$1,333.6	11.7%
District Assets for Valuation Purposes	\$781.9	\$660.3	18.4%
Present Value of Future Employee Contributions	\$169.8	\$156.2	8.7%
Present Value of Future District Contributions	\$537.3	\$517.1	3.9%
Present Value of Future Salaries	\$2,350.8	\$2,190.7	7.3%
Current Value of District Assets	\$839.1	\$701.5	19.6%
3. Contribution Results	Fiscal Year 2002	Fiscal Year 2001	Change
Normal Contribution Rate	22.9%	23.6%	-3.0%
Projected Payroll	\$184.2	\$175.1	5.2%
District Payment before D.C. Code §1-784.2 Adjustment	\$42.2	\$41.3	2.2%
District Payment after D.C. Code §1-784.2 Adjustment	\$43.7	\$42.0	4.0%

***Report of the Actuary to the D.C. Retirement Board
for the Fire Fighters' Portion of the
Police Officers and Fire Fighters' Retirement Fund
Valuation as of October 1, 2000***

SUMMARY OF PRINCIPAL RESULTS

(Dollars in Millions)

1. Participant Data	October 1, 2000	October 1, 1999	Change
Active Members			
Hired prior to February 15, 1980	232	243	-4.5%
Hired between Feb. 15, 1980 and Nov. 10, 1996	881	898	-1.9%
Hired on or after November 10, 1996	146	95	53.7%
Total	1,259	1,236	1.9%
Retired Members and Beneficiaries (post 6/30/97)	111	67	65.7%
Total Participants	1,370	1,303	5.1%
Annual Salaries of Active Members	\$62.7	\$58.5	7.2%
Annual Retirement Benefits for Retirees & Beneficiaries (post 6/30/97)	\$1.3	\$1.2	8.3%
2. Assets and Liabilities	October 1, 2000	October 1, 1999	Change
Present Value of Future District Benefits	\$603.7	\$533.7	13.1%
District Assets for Valuation Purposes	\$315.4	\$268.8	17.3%
Present Value of Future Employee Contributions	\$58.1	\$53.8	8.0%
Present Value of Future District Contributions	\$230.2	\$211.1	9.0%
Present Value of Future Salaries	\$809.8	\$757.9	6.8%
Current Value of District Assets	\$340.5	\$286.2	19.0%
3. Contribution Results	Fiscal Year 2002	Fiscal Year 2001	Change
Normal Contribution Rate	28.4%	27.9%	1.8%
Projected Payroll	\$67.5	\$63.2	6.8%
District Payment before D.C. Code §1-784.2 Adjustment	\$19.2	\$17.6	9.1%
District Payment after D.C. Code §1-784.2 Adjustment	\$19.1	\$17.3	10.4%

Section II Assets and Liabilities

In this section we present details regarding both the Assets and Liabilities of the Fund. In the following subsections, we will summarize the following:

- (a) the Current Value and Actuarial Value of District Assets;
- (b) the Present Value of Future District Retirement Benefits; and
- (c) the Present Value of Accrued District Retirement Benefits.

Current Value of District Assets

In this subsection, we present details with regards to the **Current Value of District Assets**.

Table II-1 traces the increases and decreases in the Current Value of District Assets from October 1, 1999 through October 1, 2000. The allocation of benefit payments and investment income are approximations based on the most recent information available from the District of Columbia and the D.C. Retirement Board.

Table II-1

Current Value of District Assets as of October 1, 2000

(Dollars in Millions)

	Teachers	Police	Fire	Police & Fire	Total Fund
1. Market Value of Assets as of October 1, 1999*	\$727.8	\$702.1	\$287.6	\$989.7	\$1,717.5
2. FY2000 District Contributions	\$10.7	\$28.4	\$11.5	\$39.9	\$50.6
3. FY2000 Employee Contributions	\$23.6	\$12.1	\$4.0	\$16.1	\$39.7
4. FY2000 Actual Benefit Payments	(\$0.9)	(\$0.6)	(\$1.4)	(\$2.0)	(\$2.9)
5. FY2000 Investment Earnings	\$101.7	\$98.1	\$40.0	\$138.1	\$239.8
6. Actual Current Value of Assets as of October 1, 2000	\$862.9	\$840.1	\$341.7	\$1,181.8	\$2,044.7
7. Benefits Payable for FY2000	\$1.6	\$1.0	\$1.2	\$2.2	\$3.8
8. Final Current Value of Assets as of October 1, 2000	\$861.3	\$839.1	\$340.5	\$1,179.6	\$2,040.9
9. Approximate Rate of Return **	13.6%	13.3%	13.3%	13.3%	13.4%

* The current value of assets as of October 1, 1999 was equal to the market value less estimated benefits payable of \$0.9 million for the teachers fund and \$2.0 million for the police officers and fire fighters fund.

** Actual rate of return was 14.2%

Actuarial Value of District Assets

In this subsection, we present details with regards to the **Actuarial Value of District Assets**

An actuarial value of assets is a "smoothed" value of assets based upon the market value of assets. Actuarial value, rather than market value, of assets is used to determine the District contribution.

Since the annual District contribution is based on the difference between the present value of future benefits and assets, fluctuations in assets can cause similar fluctuations in annual contributions. The use of an actuarial value of assets can help reduce the effect of market fluctuations on the District contributions.

The current actuarial value of asset method approved by the Board is the expected actuarial value of assets (assuming a 7.25% rate of return) plus 1/3 of the difference between the expected and actual market value of assets. There is then a final adjustment made for the effect of the adjustment pursuant to D.C. Code §1-784.2(c). This adjustment is explained in further detail in Section III of this report.

Table II-2 shows the development of the Actuarial Value of District Assets as of October 1, 2000.

Table II-2

Actuarial Value of District Assets as of October 1, 2000 (Dollars in Millions)					
	Teachers	Police	Fire	Police & Fire	Total Fund
1. Actuarial Value of Assets as of October 1, 1999	\$691.0	\$660.3	\$268.8	\$929.1	\$1,620.1
2. FY2000 District Contributions	\$10.7	\$28.4	\$11.5	\$39.9	\$50.6
3. FY2000 Employee Contributions ¹	\$23.6	\$12.1	\$4.0	\$16.1	\$39.7
4. FY2000 Estimated Benefit Payments	(\$1.6)	(\$1.0)	(\$1.2)	(\$2.2)	(\$3.8)
5. FY2000 Expected Investment Earnings	\$51.7	\$50.3	\$20.4	\$70.7	\$122.4
6. Expected Actuarial Value of Assets as of October 1, 2000	\$775.4	\$750.1	\$303.5	\$1,053.6	\$1,829.0
7. Final Current Value of Assets as of October 1, 2000	\$861.3	\$839.1	\$340.5	\$1,179.6	\$2,040.9
8. Smoothed Value of Assets as of October 1, 2000 [(6.) + 1/3 x (7. - 6.)]	\$804.0	\$779.8	\$315.8	\$1,095.6	\$1,899.6
9. Present Value of D.C. Code §1-784.2(c) Adjustment	(\$5.1)	\$2.1	(\$0.4)	\$1.7	(\$3.4)
10. Final Actuarial Value of Assets as of October 1, 2000 [(8.) + (9.)]	\$798.9	\$781.9	\$315.4	\$1,097.3	\$1,896.2

¹ The employee contributions for police officers and fire fighters were allocated based on their valuation earnings.

Present Value of Future District Retirement Benefits

In this subsection, we detail the calculation of the present value of future District benefits. This calculation is necessary for developing the fiscal year 2002 District payment.

The present value of future benefits represents the total lump sum value on the valuation date which would be sufficient to pay for all future benefits of current members (including inactive members) considering expected future salary increases, service credits, employment termination, mortality, and cost of living adjustments.

Table II-3

Present Value of Future District Benefits as of October 1, 2000

(Dollars in Millions)

	Teachers	Police	Fire	Police & Fire	Total Fund
1. Active Present Value of Future District Benefits	\$1,022.8	\$1,444.9	\$578.7	\$2,023.6	\$3,046.4
2. Retiree Present Value of Future District Benefits	\$31.8	\$44.1	\$25.0	\$69.1	\$100.9
3. Total Present Value of Future District Benefits	\$1,054.6	\$1,489.0	\$603.7	\$2,092.7	\$3,147.3

Present Value of Accrued District Retirement Benefits

In Table II-4, we disclose the accumulated liability of the Fund if everyone stopped working or if the programs were terminated.

The present value of accrued benefits represents the total lump sum value on the valuation date which would be sufficient to pay for all benefits accrued to the valuation date.

We have one comment on the present value of accrued benefits. The fact that plan assets exceed these liabilities does not constitute "overfunding". Under the funding method employed by the plan (and by most public sector plans), liabilities accruing each year are not paid for as earned in that year. Rather, benefits are funded in a way as to maintain a level funding pattern (as a percent of pay) between the valuation date and retirement date. Therefore, assets are expected to exceed liabilities accrued to date early in a member's career in order to avoid a dramatic escalation in costs for benefits earned late in a member's career (when salary and service are highest).

Table II-4

Present Value of Accrued District Benefits as of October 1, 2000

(Dollars in Millions)

	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>	<u>Police & Fire</u>	<u>Total Fund</u>
1. Present Value of Accrued District Benefits as of October 1, 2000	\$223.0	\$297.3	\$141.5	\$438.8	\$661.8
2. Actuarial Value of Assets as of October 1, 2000 (Table II-2)	\$798.9	\$781.9	\$315.4	\$1,097.3	\$1,896.2
3. Unfunded Present Value of Accrued District Benefits (1. - 2., not less than zero)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Section III Contributions

In this section, we develop the fiscal year 2002 District payment. The normal contribution rate developed is a percentage of active member payroll. The dollar amount of the District payment is determined by applying the contribution rate to the projected payroll for fiscal year 2002.

An actuarially sound funding method is designed so that the benefits of the current workforce will be completely paid for (i.e., funded) by the time they leave employment due to retirement, disability, death, withdrawal, etc. The first step in this process is to determine the present value, as of the valuation date, of all future benefits payable from the retirement funds. In the District's case, this figure is the **present value of future District benefits** developed in Table II-3.

The present value of future District benefits will be funded from three sources: assets, future employee contributions, and future District contributions. The assets, of course, are known as of the valuation date. For these purposes, actuaries commonly use an **actuarial value of assets**.

An actuarial value of assets is a "smoothed market value" and is used to keep the contribution rate from fluctuating due to sudden upswings or downturns in the financial markets. As mentioned earlier in this report, the Board has elected to use an actuarial value of asset method for determining the fiscal year 2002 District contribution.

The second source for paying future benefits is current employee contributions. These are specified as a fixed percentage of future pay (7% or 8%, depending upon hire date).

Future District contributions must make up any difference between the future District benefits and the actuarial value of assets plus future employee contributions. Thus, the value of future District **contributions** is the present value of future District benefits less the actuarial value of assets less the present value of future employee contributions.

The future District contributions are spread over future payroll of the workforce to determine the **normal contribution rate**. The District contribution applicable to the fiscal year is the normal contribution rate times the projected payroll.

Finally, the District payment reflects the adjustment pursuant to D.C. Code §1-784.2(c). Further explanation of this adjustment can be found on page III-3.

Development of the Fiscal Year 2002 District Payment

Table III-1 shows the development of the fiscal year 2002 District payment.

Table III-1

District of Columbia FY 2002 Payment (Dollars in Millions)					
	Teachers	Police	Fire	Police & Fire	Total
1. Present Value of Future District Benefits	\$1,054.6	\$1,489.0	\$603.7	\$2,092.7	\$3,147.3
2. Actuarial Value of Assets	\$798.9	\$781.9	\$315.4	\$1,097.3	\$1,896.2
3. Present Value of Future Employee Contributions	\$246.6	\$169.8	\$58.1	\$227.9	\$474.5
4. Present Value of Future Normal Costs [(1) - (2) - (3), not less than \$0]	\$9.1	\$537.3	\$230.2	\$767.5	\$776.6
5. Present Value of Future Payroll	\$3,360.1	\$2,350.8	\$809.8	N/A	N/A
6. Normal Contribution Rate [(4) / (5)]	0.3%	22.9%	28.4%	24.4%	10.5%
7. Projected FY 2002 Payroll	\$343.7	\$184.2	\$67.5	\$251.7	\$595.4
8. FY 2001 District Payment before §1-784.2(c) [(6)x(7)]	\$1.0	\$42.2	\$19.2	\$61.4	\$62.4
9. D.C. Code §1-784.2(c) Adjustment	(\$5.5)	\$1.5	(\$0.1)	\$1.4	NA
10. FY 2002 District Payment [(8)+(9), not less than \$0]	\$0.0	\$43.7	\$19.1	\$62.8	\$62.8

§1-784.2(c) Adjustment to the Fiscal Year 2002 District Payment

Beginning in fiscal year 2001, the District payment was adjusted pursuant to D.C. Code §1-784.2(c). This section stipulates that "... the enrolled actuary shall determine whether the amount appropriated for the applicable fiscal year resulted in an overpayment or a shortfall based upon the actual covered payroll."

The D.C. Code §1-784.2(c) adjustment to the fiscal year 2002 District payment is calculated by taking the actual fiscal year 2000 covered payroll for each employee class (which is provided by the District) and then multiplying by the fiscal year 2000 normal contribution rate for each employee class, which were certified in our October 1, 1998 report. This result gives the fiscal year 2000 contribution that was **required** to be made by the District. The required contribution is then compared to the fiscal year 2000 contribution that was **actually paid** by the District. The difference between the required and actual contributions is the preliminary D.C. Code §1-784.2(c) adjustment.

For FY 2001 the teachers had a credit balance of \$6.4 million that could not be applied due to a zero District payment. The carryover amount is applied to the required teachers payment this year. The remaining unused portion will continue to be carried forward.

Table III-2 shows the development of the D.C. Code §1-784.2(c) adjustment for each employee class.

Table III-2

**District of Columbia
D.C. Code §1-784.2(c) Adjustment to the FY2002 Payment**

(Dollars in Millions)

	Teachers	Police	Fire
1. Actual FY 2000 Covered Payroll	\$321.6	\$169.8	\$56.5
2. FY 2000 Normal Contribution Rate	3.6%	17.6%	20.2%
3. Actual FY 2000 Contribution Required	\$11.6	\$29.9	\$11.4
4. Actual FY 2000 Contribution Paid	\$10.7	\$28.4	\$11.5
5. Preliminary D.C. Code §1-784.2(c) Adjustment to FY 2002 Payment FY 2002 Payment [(3) - (4)]	\$0.9	\$1.5	(\$0.1)
6. FY 2001 Unrecognized Amount	(\$6.4)	\$0.0	\$0.0
7. Final D.C. Code §1-784.2(c) Adjustment to FY 2002 Payment FY 2002 Payment [(5) + (6)]	(\$5.5)	\$1.5	(\$0.1)

Appendices

Appendix A	Membership Data and Profile
Appendix B	Actuarial Assumptions and Procedures
Appendix C	Summary of the Provisions of the Programs
Appendix D	Auditors' Information

Appendix A - Membership Data and Profile

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The District of Columbia provided the actuary with membership data as of September 30, 2000. Assumptions were made on elements missing from the data provided.

In this Appendix, we present a review of the current membership statistics. Section A presents the program performance data. Section B summarizes key active membership statistics. Section C contains the assumptions made for the various components of the data.

A. Retired Membership Statistics (as of September 30, 2000)**Average Annuity by Retirement Type: Total Benefits**

	Teachers	Police	Fire
Number of Service Retirements	4,201	3,080	906
Average Service Annuity	\$32,235	\$37,310	\$45,217
Number of Disability Retirements	528	1,397	602
Average Disability Annuity	\$23,135	\$33,930	\$38,126
Number of Survivors	425	1,195	500
Average Survivor Annuity	\$14,138	\$18,295	\$20,624

Average Annuity by Retirement Type: Federal Benefits¹

	Teachers	Police	Fire
Number of Service Retirements	4,201	3,080	906
Estimated Average Service Annuity	\$31,951	\$37,066	\$44,953
Number of Disability Retirements	528	1,397	602
Average Disability Annuity	\$21,821	\$33,209	\$36,389
Number of Survivors	425	1,195	500
Average Survivor Annuity	\$14,138	\$18,295	\$20,624

¹ Includes participants who are the responsibility of both the Federal and District governments.

Average Annuity by Retirement Type: Joint Federal & District Benefits

	Teachers	Police	Fire
Number of Service Retirements	630	285	62
Estimated Average District Service Annuity	\$1,894	\$2,638	\$3,860
Estimated Average Federal Service Annuity	\$30,654	\$39,989	\$51,846
Number of Disability Retirements	34	70	49
Average District Disability Annuity	\$20,402	\$14,384	\$21,341
Average Federal Disability Annuity	\$1,352	\$14,431	\$17,082
Number of Survivors	0	0	0
Average District Survivor Annuity	\$0	\$0	\$0
Average Federal Survivor Annuity	\$0	\$0	\$0

B. Active Membership Statistics (as of September 30, 2000)

<u>Employee Class</u>	<u>Average Age</u>	<u>Average Service</u>	<u>Average Salary</u>
Teachers	46.2	15.1	\$50,400
Police	36.8	11.4	\$49,100
Fire	38.3	13.4	\$51,000

C. Data Assumptions

The following assumptions were made with respect to information provided by the District of Columbia:

(a) **Active Members**

Data for active members was predominantly used as provided by the District. No active police officers or fire fighters were eliminated from the data. One teacher was eliminated because their information was not valid. 585 teacher's salaries were adjusted because their pay rate more than doubled in comparison to last year's data.

Teachers

Charter school teachers data is not available so the active liabilities and payroll were increased by 1.5%.

(b) **Former Members**

The data submitted for former members included participants who have withdrawn their contributions and are no longer entitled to a deferred benefit. After further investigation and consultation with staff members of the Board, we have made the following assumptions regarding former Members:

Teachers

An examination of a little more than one-third of the records of former teachers on file yielded nine teachers who are entitled to a deferred benefit. Consequently, we have assumed that there are 25 teachers with deferred vested benefits, all females age 50 with fifteen years of service and a final salary of \$48,720.

Police/Fire

Since practically all police officers and fire fighters withdraw their contributions if they terminate prior to retirement, we have assumed that there are no police officers or fire fighters with a deferred vested benefit.

(c) **Retired Members**

All retired members whose sex was not on file were designated by the letter C. These retirees were assumed to be all male (with female spouses) for the police officers and fire fighters' program and assumed to be all female (with male spouses) for the teachers' program. The date of retirement appears to be given in the date of entry-of-duty field, the field where date of hire is given for active members. Members are assumed to have recovered all contributions if they have been receiving benefits for more than 3 years (teachers) or 2 years (police/fire).

The fiscal year 2000 employee and District contributions were provided by the Board for all three classes of employees. However, these contributions were not split between police officers and fire fighters. We allocated the employee contributions between police officers and fire fighters based on payroll. The allocation of the fiscal year 2000 police/fire District contribution of \$39.9 million was provided by the District.

**DISTRICT OF COLUMBIA RETIREMENT BOARD
TEACHERS' RETIREMENT FUND**

SCHEDULE OF ACTIVE PARTICIPANTS HIRED BEFORE NOVEMBER 16, 1996

	YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40	Total
Under 20	0	0	0	0	0	0	0	0	0	0
20 to 24	6	2	0	0	0	0	0	0	0	8
25 to 29	43	36	2	0	0	0	0	0	0	81
30 to 34	28	156	23	0	0	0	0	0	0	207
35 to 39	20	102	145	15	0	0	0	0	0	282
40 to 44	15	89	167	111	30	1	0	0	0	413
45 to 49	20	93	208	145	148	98	7	0	0	719
50 to 54	11	79	176	127	125	391	373	6	0	1,288
55 to 59	10	42	103	59	52	129	531	84	2	1,012
60 to 64	6	16	40	33	26	40	92	76	17	346
Over 65	0	6	14	13	7	8	33	24	37	142
Total	159	621	878	503	388	667	1,036	190	56	4,498

SCHEDULE OF ACTIVE PARTICIPANTS HIRED ON OR AFTER NOVEMBER 16, 1996

	YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40	Total
Under 20	0	0	0	0	0	0	0	0	0	0
20 to 24	161	0	0	0	0	0	0	0	0	161
25 to 29	551	0	0	0	0	0	0	0	0	551
30 to 34	343	0	0	0	0	0	0	0	0	343
35 to 39	187	0	0	0	0	0	0	0	0	187
40 to 44	188	0	0	0	0	0	0	0	0	188
45 to 49	168	0	0	0	0	0	0	0	0	168
50 to 54	164	0	0	0	0	0	0	0	0	164
55 to 59	91	0	0	0	0	0	0	0	0	91
60 to 64	26	0	0	0	0	0	0	0	0	26
Over 65	20	0	0	0	0	0	0	0	0	20
Total	1,899	0	0	0	0	0	0	0	0	1,899

SCHEDULE OF ALL ACTIVE PARTICIPANTS

	YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40	Total
Under 20	0	0	0	0	0	0	0	0	0	0
20 to 24	167	2	0	0	0	0	0	0	0	169
25 to 29	594	36	2	0	0	0	0	0	0	632
30 to 34	371	156	23	0	0	0	0	0	0	550
35 to 39	207	102	145	15	0	0	0	0	0	469
40 to 44	203	89	167	111	30	1	0	0	0	601
45 to 49	188	93	208	145	148	98	7	0	0	887
50 to 54	175	79	176	127	125	391	373	6	0	1,452
55 to 59	101	42	103	59	52	129	531	84	2	1,103
60 to 64	32	16	40	33	26	40	92	76	17	372
Over 65	20	6	14	13	7	8	33	24	37	162
Total	2,058	621	878	503	388	667	1,036	190	56	6,397

**DISTRICT OF COLUMBIA RETIREMENT BOARD
TEACHERS' RETIREMENT FUND**

SCHEDULE OF AVERAGE SALARIES FOR ACTIVES HIRED BEFORE NOVEMBER 16, 1996

YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40
Under 20	0	0	0	0	0	0	0	0	0
20 to 24	20,700	35,647	0	0	0	0	0	0	0
25 to 29	31,470	36,625	33,378	0	0	0	0	0	0
30 to 34	34,963	40,043	41,538	0	0	0	0	0	0
35 to 39	35,863	41,425	50,285	49,041	0	0	0	0	0
40 to 44	40,535	47,404	53,364	54,991	55,905	57,454	0	0	0
45 to 49	39,234	46,314	55,301	57,633	58,614	58,978	50,697	0	0
50 to 54	50,336	47,833	56,014	57,313	58,004	59,663	59,950	58,599	0
55 to 59	55,383	48,814	58,014	57,528	56,943	58,343	59,642	60,006	59,171
60 to 64	43,262	59,938	56,651	55,550	60,135	57,939	58,599	59,664	64,055
Over 65	0	46,655	50,731	59,238	55,791	58,501	59,446	61,870	64,182
Total	37,317	44,212	54,144	56,606	58,035	59,186	59,593	60,060	63,965

SCHEDULE OF AVERAGE SALARIES FOR ACTIVES HIRED ON OR AFTER NOVEMBER 16, 1996

YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40
Under 20	0	0	0	0	0	0	0	0	0
20 to 24	32,230	0	0	0	0	0	0	0	0
25 to 29	35,809	0	0	0	0	0	0	0	0
30 to 34	37,358	0	0	0	0	0	0	0	0
35 to 39	41,155	0	0	0	0	0	0	0	0
40 to 44	40,022	0	0	0	0	0	0	0	0
45 to 49	44,345	0	0	0	0	0	0	0	0
50 to 54	47,029	0	0	0	0	0	0	0	0
55 to 59	45,741	0	0	0	0	0	0	0	0
60 to 64	45,520	0	0	0	0	0	0	0	0
Over 65	43,415	0	0	0	0	0	0	0	0
Total	39,142	0	0	0	0	0	0	0	0

**DISTRICT OF COLUMBIA RETIREMENT BOARD
POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT FUND**

SCHEDULE OF ACTIVE POLICE OFFICERS HIRED BEFORE NOVEMBER 10, 1996

	YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40	Total
Under 20	0	0	0	0	0	0	0	0	0	0
20 to 24	0	0	0	0	0	0	0	0	0	0
25 to 29	8	93	11	0	0	0	0	0	0	112
30 to 34	9	206	554	2	0	0	0	0	0	771
35 to 39	3	88	715	125	0	0	0	0	0	931
40 to 44	0	21	237	254	43	5	0	0	0	560
45 to 49	0	1	14	111	62	111	11	0	0	310
50 to 54	0	0	0	2	16	44	71	4	0	137
55 to 59	0	0	0	0	0	5	29	4	0	38
60 to 64	0	0	0	0	0	0	4	1	0	5
Over 65	0	0	0	0	0	0	0	0	0	0
Total	20	409	1,531	494	121	165	115	9	0	2,864

SCHEDULE OF ACTIVE POLICE OFFICERS HIRED ON OR AFTER NOVEMBER 10, 1996

	YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40	Total
Under 20	0	0	0	0	0	0	0	0	0	0
20 to 24	64	0	0	0	0	0	0	0	0	64
25 to 29	316	0	0	0	0	0	0	0	0	316
30 to 34	216	0	0	0	0	0	0	0	0	216
35 to 39	70	0	0	0	0	0	0	0	0	70
40 to 44	33	0	0	0	0	0	0	0	0	33
45 to 49	6	0	0	0	0	0	0	0	0	6
50 to 54	6	0	0	0	0	0	0	0	0	6
55 to 59	2	0	0	0	0	0	0	0	0	2
60 to 64	0	0	0	0	0	0	0	0	0	0
Over 65	0	0	0	0	0	0	0	0	0	0
Total	713	0	0	0	0	0	0	0	0	713

SCHEDULE OF ALL ACTIVE POLICE OFFICERS

	YEARS OF SERVICE									
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40	Total
Under 20	0	0	0	0	0	0	0	0	0	0
20 to 24	64	0	0	0	0	0	0	0	0	64
25 to 29	324	93	11	0	0	0	0	0	0	428
30 to 34	225	206	554	2	0	0	0	0	0	987
35 to 39	73	88	715	125	0	0	0	0	0	1,001
40 to 44	33	21	237	254	43	5	0	0	0	593
45 to 49	6	1	14	111	62	111	11	0	0	316
50 to 54	6	0	0	2	16	44	71	4	0	143
55 to 59	2	0	0	0	0	5	29	4	0	40
60 to 64	0	0	0	0	0	0	4	1	0	5
Over 65	0	0	0	0	0	0	0	0	0	0
Total	733	409	1,531	494	121	165	115	9	0	3,577

POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT FUND

**SCHEDULE OF AVERAGE SALARIES
FOR ACTIVE POLICE OFFICERS HIRED BEFORE NOVEMBER 10, 1996**

	YEARS OF SERVICE								
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40
Under 20	0	0	0	0	0	0	0	0	0
20 to 24	0	0	0	0	0	0	0	0	0
25 to 29	42,105	44,717	45,905	0	0	0	0	0	0
30 to 34	42,585	45,575	47,930	49,072	0	0	0	0	0
35 to 39	42,105	45,804	48,905	55,153	0	0	0	0	0
40 to 44	0	45,406	49,372	56,345	64,186	64,739	0	0	0
45 to 49	0	40,101	50,743	56,206	63,943	62,989	60,544	0	0
50 to 54	0	0	0	57,739	67,834	63,000	64,411	58,869	0
55 to 59	0	0	0	0	0	60,585	62,311	58,869	0
60 to 64	0	0	0	0	0	0	69,546	66,201	0
Over 65	0	0	0	0	0	0	0	0	0
Total	42,321	45,407	48,620	55,988	64,544	62,972	63,690	59,684	0

**SCHEDULE OF AVERAGE SALARIES
FOR ACTIVE POLICE OFFICERS HIRED ON OR AFTER NOVEMBER 10, 1996**

	YEARS OF SERVICE								
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	Over 40
Under 20	0	0	0	0	0	0	0	0	0
20 to 24	37,009	0	0	0	0	0	0	0	0
25 to 29	38,472	0	0	0	0	0	0	0	0
30 to 34	39,010	0	0	0	0	0	0	0	0
35 to 39	39,574	0	0	0	0	0	0	0	0
40 to 44	41,450	0	0	0	0	0	0	0	0
45 to 49	41,963	0	0	0	0	0	0	0	0
50 to 54	75,406	0	0	0	0	0	0	0	0
55 to 59	43,954	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0
Over 65	0	0	0	0	0	0	0	0	0
Total	39,105	0	0	0	0	0	0	0	0